



City of New Bedford
Scott W. Lang, Mayor

City of New Bedford
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P R E S S R E L E A S E

Mayor Outlines Proposal to Minimize 2008 City Tax Rate

New Bedford, Massachusetts- Mayor Scott W. Lang held a press conference today to outline his proposal to establish the municipal tax rate for Fiscal Year 2008. The Mayor's proposal advocates for utilizing a portion of New Bedford's Fiscal Year 2007 certified free cash along with eliminating several vacant positions in order to minimize 2008 municipal tax rate.

Over the past two years, the Mayor has worked with the city's financial management team to return fiscal stability and accountability to city government. With the implementation of sound fiscal policies like encouraging competition in city bidding processes like health insurance, aggressively pursuing back taxes, bonding out prior capital projects and increasing the city's bond rating to an "A3" for the first time in nearly four decades, New Bedford's financial profile continues to improve. This year, the Department of Revenue (DOR) certified \$8.5 million in free cash for the City of New Bedford. The DOR describes free cash as "a revenue source, which results from the calculation, as of July 1, of a community's remaining, unrestricted funds from operations of the previous fiscal year based on the balance sheet as of June 30th." The Massachusetts Municipal Association reported in November 2007 that for nearly half of the 184 communities DOR had certified fiscal 2008 free cash for thus far, the amount of free cash dropped 72 percent from fiscal 2007 to fiscal 2008. But, in New Bedford, certified free cash increased from fiscal 2007 to fiscal 2008.

Mayor Lang's proposal advocates for using a combination of a portion of the Fiscal Year 2007 free cash and cutting unfilled positions to help reduce next year's tax increase. "I am very concerned about the spiraling cost of property taxes. I recognize that between the cost of heating oil, gasoline, natural gas, food, and clothing, just about everything that an average person buys has gone up dramatically over the past year. City taxpayers need relief in any manner that we can provide. The approach that I am advocating returns taxpayer dollars back to the taxpayers by subsidizing the necessary increase in the tax rate for Fiscal Year 2008. My proposal saves the average homeowner \$81.25 on this

year's tax bill. Further, it is clear to me that the current method of raising property taxes, as the cost of government rises, is not a sustainable one. Massachusetts needs to implement a system of generating state and municipal revenue, which does not over impose property owners. Families and businesses will be unable to grow in this state if we do not reform our existing taxation system. I will continue to work very closely with the City Council to ensure that we hold down spending with the Fiscal Year 2009 budget without threatening essential services that the citizens of this city rely on. These are challenging times and I believe that New Bedford elected officials understand this and are working to protect the taxpayers and residents of our city."

The proposed residential tax rate is \$10.55 per \$1,000.00 and \$21.51 per \$1,000.00 for the commercial rate, resulting in a savings of \$0.33 per \$1,000.00. Mayor Lang has called for a Special City Council Meeting on Tuesday, December 18, 2007 at 6:30 P.M., at which time this proposal will be before the Council for their approval. The City Council will then hold a Tax Classification Hearing at 7:00 P.M. at which time it is expected they will set the FY 2008 municipal tax rate.

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